

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: December 30, 2005]²

Bill No. and sponsor: H.R. 2624 (Mr. John A. Boehner, OH).

Proponent name, location: Panasonic Corp., Secaucus, NJ.

Other bills on product (109th Congress only): None.

Nature of bill: 1) Temporary duty suspensions for 14 products through December 31, 2009.
2) Temporary duty reduction for 1 product through December 31, 2009.

Retroactive effect: None.

Note: Separate information is included for each of the proposed 15 headings. The total estimated revenue loss for the bill as a whole for 2006 would be \$3,834,420; the aggregate figure for each year would vary.

Heading 9902.05.70—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Front panels for cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement exceeding 67 cm but not exceeding 86 cm, an outer panel radius of not more than 500 cm and an aspect ratio of 4:3 (provided for in subheading 7011.20.80).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

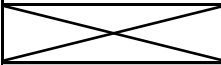
Product information, including uses/applications and source(s) of imports:

The imported product is a multi-function specialty glass product manufactured exclusively for the cathode-ray tube (CRT) industry. As part of the CRT envelope, the front panel provides a contoured surface to which the phosphor layer adheres. It also provides the mechanical attachment support for the formed mask assembly. (Background information on cathode-ray tubes is attached, following submissions by interested parties.) Once imported, the panel has many chemical processes applied to provide the precise phosphor layer which is a key element to the operation of the CRT. The panel is sealed to a glass cone, making a vacuum chamber envelope and providing alignment of the electron gun and phosphor surface. The product is imported from Japan, China, and the United Kingdom.

¹ Industry analyst preparing report: John Kitzmiller (202-205-3387); Tariff Affairs contact: Jan Summers (202-205-2605).

² An electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm

Estimated effect on customs revenue:

| HTS subheading: 7011.20.80 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
|  | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$8,890,000 | \$2,320,000 | \$2,090,000 | \$1,880,000 | \$1,690,000 |
| Customs revenue loss | \$462,280 | \$120,640 | \$108,680 | \$97,760 | \$87,880 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:³

The article description should be modified as shown above. Until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. The physical dimensions of the front panel would serve better to distinguish its size.

³ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Heading 9902.05.71—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Front panels for cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement exceeding 86 cm but not exceeding 95 cm, an outer panel radius of not more than 500 cm and an aspect ratio of 4:3 (provided for in subheading 7011.20.80).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The imported product is a multi-function specialty glass product manufactured exclusively for the cathode-ray tube (CRT) industry. As part of the CRT envelope, the front panel provides a contoured surface to which the phosphor layer adheres. It also provides the mechanical attachment support for the formed mask assembly. Once imported, the panel has many chemical processes applied to provide the precise phosphor layer which is a key element to the operation of the CRT. The panel is sealed to a glass cone, making a vacuum chamber envelope and providing alignment of the electron gun and phosphor surface. The product is imported from Japan, China, and the United Kingdom.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.80 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 | \$2,400,000 |
| Customs revenue loss | \$124,800 | \$124,800 | \$124,800 | \$124,800 | \$124,800 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:⁴

The article description should be modified as shown above. Until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. The physical dimensions of the front panel would serve better to distinguish its size.

Heading 9902.05.72—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Front panels for cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement not exceeding 82 cm, an outer panel radius of greater than 500 cm and an aspect ratio of 16:9 (provided for in subheading 7011.20.80).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The imported product is a multi-function specialty glass product manufactured exclusively for the cathode-ray tube (CRT) industry. As part of the CRT envelope, the front panel provides a contoured surface to which the phosphor layer adheres. It also provides the mechanical attachment support for the formed mask assembly. Once imported, the panel has many chemical processes applied to provide the precise phosphor layer which is a key element to the operation of the CRT. The panel is sealed to a glass cone, making a vacuum chamber envelope and providing alignment of the electron gun and phosphor surface. The product is imported from Japan, China, and the United Kingdom.

⁴ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.80 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$3,170,000 | \$5,960,000 | \$5,360,000 | \$4,830,000 | \$4,340,000 |
| Customs revenue loss | \$164,840 | \$309,920 | \$278,720 | \$251,160 | \$225,680 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:⁵

The article description should be modified as shown above. Until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. The physical dimensions of the front panel would serve better to distinguish its size.

Heading 9902.05.73—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Front panels for cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement exceeding 82 cm but not exceeding 93 cm, an outer panel radius of greater than 500 cm and an aspect ratio of 16:9 (provided for in subheading 7011.20.80).

⁵ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Check one: Same as that in bill as introduced
 X Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The imported product is a multi-function specialty glass product manufactured exclusively for the cathode-ray tube (CRT) industry. As part of the CRT envelope, the front panel provides a contoured surface to which the phosphor layer adheres. It also provides the mechanical attachment support for the formed mask assembly. Once imported, the panel has many chemical processes applied to provide the precise phosphor layer which is a key element to the operation of the CRT. The panel is sealed to a glass cone, making a vacuum chamber envelope and providing alignment of the electron gun and phosphor surface. The product is imported from Japan, China, and the United Kingdom.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.80 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$8,900,000 | \$4,600,000 | \$4,200,000 | \$3,800,000 | \$3,400,000 |
| Customs revenue loss | \$462,800 | \$239,200 | \$218,400 | \$197,600 | \$176,800 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:⁶

The article description should be modified as shown above. Until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. The physical dimensions of the front panel would serve better to distinguish its size.

Heading 9902.05.74—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Cones designed for use in color non-projection cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement exceeding 67 cm but not exceeding 86 cm, a maximum neck seal outside diameter of 3.1 cm and an aspect ratio of 4:3 (provided for in subheading 7011.20.10).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The cone is a molded glass funnel-shaped part that forms the rear portion of a color CRT. Once imported, the inside of the cone is coated with a special graphite coating. This coating becomes an integral part of the tube's electronic system. The cone is then sealed to the front panel assembly through a high temperature thermal process. The cone becomes part of the high vacuum envelope. The tubular neck (small end of the cone) holds the electron gun and aligns it with the front panel assembly's phosphor coating. The subject product is imported from Japan.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.10 | | | | | |
|---|-------------|-------------|-------------|-------------|-----------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$5,400,000 | \$1,260,000 | \$1,130,000 | \$1,020,000 | \$920,000 |
| Customs revenue loss | \$280,800 | \$65,520 | \$58,760 | \$53,040 | \$47,840 |

Source of estimated dutiable import data: Commission and industry estimates.

⁶ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:⁷

The article description should be modified as shown above. “Cone” should be substituted for the word “funnel” when referring to the rear part of the glass enclosure of a CRT, because the former is the term already used in the HTS.

This cone is to be mated with one single size of front panel, but until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. The physical dimensions of the front panel serve better to distinguish its size, and the physical dimensions of the cone would also serve better to distinguish its size.

Heading 9902.05.75—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Cones designed for use in color non-projection cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement not exceeding 86 cm, a maximum neck seal outside diameter greater than 3.1 cm but not exceeding 3.4 cm and an aspect ratio of 4:3 (provided for in subheading 7011.20.10).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The cone is a molded glass cone-shaped part that forms the rear portion of a color CRT. Once imported, the inside of the cone is coated with a special graphite coating. This coating becomes an integral part of the tube’s electronic system. The cone is then sealed to the front panel

⁷ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

assembly through a high temperature thermal process. The cone becomes part of the high vacuum envelope. The tubular neck (small end of the cone) holds the electron gun and aligns it with the front panel assembly's phosphor coating. The product is imported from Japan.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.10 | | | | | |
|---|-------------|--------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$8,260,000 | \$10,150,000 | \$8,630,000 | \$7,330,000 | \$6,230,000 |
| Customs revenue loss | \$429,520 | \$527,800 | \$448,760 | \$381,160 | \$323,960 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:⁸

The article description should be modified as shown above. "Cone" should be substituted for the word "funnel" when referring to the rear part of the glass enclosure of a CRT, because the former is the term already used in the HTS.

This cone is to be mated with one single size of front panel, but until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. The physical

⁸ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

dimensions of the front panel serve better to distinguish its size, and the physical dimensions of the cone would also serve better to distinguish its size.

Last, “Pure Flat” is a term not otherwise used in the HTS, is not defined in the bill, and could present interpretive problems. The flatness of the front panel, to which the term “Pure Flat” refers, can be determined by the outer panel radius.

Heading 9902.05.76—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Cones designed for use in color non-projection cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement exceeding 86 cm but not exceeding 95 cm, a maximum neck seal outside diameter greater than 3.1 cm but not exceeding 3.4 cm and an aspect ratio of 4:3. (provided for in subheading 7011.20.10).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The cone is a molded glass funnel-shaped part that forms the rear portion of a color CRT. Once imported, the inside of the cone is coated with a special graphite coating. This coating becomes an integral part of the tube’s electronic system. The cone is then sealed to the front panel assembly through a high temperature thermal process. The cone becomes part of the high vacuum envelope. The tubular neck (small end of the cone) holds the electron gun and aligns it with the front panel assembly’s phosphor coating. The product is imported from Japan.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.10 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$1,600,000 | \$1,600,000 | \$1,600,000 | \$1,600,000 | \$1,600,000 |
| Customs revenue loss | \$83,200 | \$83,200 | \$83,200 | \$83,200 | \$83,200 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:⁹

The article description should be modified as shown above. “Cone” should be substituted for the word “funnel” when referring to the rear part of the glass enclosure of a CRT, because the former is the term already used in the HTS.

This cone is to be mated with one single size of front panel. However, until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. Thus, the physical dimensions of the front panel serve better to distinguish its size, and the physical dimensions of the cone would also serve better to distinguish its size. The language in the bill would have required the cone to be within 0.005 cm of the measurement cited in the bill in order to qualify for this duty treatment.

Heading 9902.05.77—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Cones designed for use in color non-projection cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement not exceeding 82 cm, a maximum neck seal outside diameter of 3.1 cm and an aspect ratio of 16:9. (provided for in subheading 7011.20.10).

Check one: ___ Same as that in bill as introduced
 X Different from that in bill as introduced (See Technical comments section)

⁹ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Product information, including uses/applications and source(s) of imports:

The cone is a molded glass funnel-shaped part that forms the rear portion of a color CRT. Once imported, the inside of the cone is coated with a special graphite coating. This coating becomes an integral part of the tube's electronic system. The cone is then sealed to the front panel assembly through a high temperature thermal process. The cone becomes part of the high vacuum envelope. The tubular neck (small end of the cone) holds the electron gun and aligns it with the front panel assembly's phosphor coating. The product is imported from Japan.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.10 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$1,310,000 | \$2,460,000 | \$2,220,000 | \$2,000,000 | \$1,800,000 |
| Customs revenue loss | \$68,120 | \$127,920 | \$115,440 | \$104,000 | \$93,600 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:¹⁰

The article description should be modified as shown above. “Cone” should be substituted for the word “funnel” when referring to the rear part of the glass enclosure of a CRT, because the former is the term already used in the HTS.

This cone is to be mated with one single size of front panel. However, until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. Thus, the physical dimensions of the front panel serve better to distinguish its size, and the physical dimensions of the cone would also serve better to distinguish its size. The language in the bill would have required the cone to be within 0.005 cm of the measurement cited in the bill in order to qualify for this duty treatment.

Heading 9902.05.78—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Cones designed for use in color non-projection cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement not exceeding 93 cm, a maximum neck seal outside diameter of 3.1 cm and an aspect ratio of 16:9 (provided for in subheading 7011.20.10).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The cone is a molded glass funnel-shaped part that forms the rear portion of a color CRT. Once imported, the inside of the cone is coated with a special graphite coating. This coating becomes an integral part of the tube’s electronic system. The cone is then sealed to the front panel assembly through a high temperature thermal process. The cone becomes part of the high vacuum envelope. The tubular neck (small end of the cone) holds the electron gun and aligns it with the front panel assembly’s phosphor coating. The product is imported from Japan.

¹⁰ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.10 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$6,380,000 | \$1,910,000 | \$1,720,000 | \$1,550,000 | \$1,390,000 |
| Customs revenue loss | \$331,760 | \$99,320 | \$89,440 | \$80,600 | \$72,280 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202 429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:¹¹

The article description should be modified as shown above. “Cone” should be substituted for the word “funnel” when referring to the rear part of the glass enclosure of a CRT, because the former is the term already used in the HTS.

This cone is to be mated with one single size of front panel. However, until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. Thus, the physical dimensions of the front panel serve better to distinguish its size, and the physical dimensions of the cone would also serve better to distinguish its size. The language in the bill would have required the cone to be within 0.005 cm of the measurement cited in the bill in order to qualify for this duty treatment.

Heading 9902.05.79—temporary duty suspension through December 31, 2009:

¹¹ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Assembled glass envelopes each consisting of a panel with a greatest external diagonal measurement not exceeding 24 cm, a cone and a neck, the foregoing for projection cathode-ray television picture tubes (provided for in subheading 7011.20.80).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The glass envelope is made from three hermetically sealed parts--the panel, cone, and neck--imported as a one-piece assembly. Once imported, the glass undergoes many processes in order to make a finished CRT. The glass is washed, subjected to chemical applications, internally coated, aluminized, baked, and evacuated, and has an electron gun sealed into the neck. It is then aged, electrically treated, tested, and packaged; each such envelope comprises a monochrome CRT. Three such CRTs (one red, one blue, and one green) are used in each tube-based projection television receiver. The product is imported from Japan.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.80 | | | | | |
|---|--------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$13,630,000 | \$8,340,000 | \$7,920,000 | \$7,520,000 | \$7,150,000 |
| Customs revenue loss | \$708,760 | \$433,680 | \$411,840 | \$391,040 | \$371,800 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | No | Yes | No |

Technical comments:¹²

The article description should be modified as shown above. Until the phosphor has been deposited inside a front panel, there is no viewable diagonal measurement. The physical dimensions of the front panel would serve better to distinguish its size.

“Cone” should be substituted for the word “funnel” when referring to the rear part of the glass enclosure of a CRT, because the former is the term already used in the HTS.

Heading 9902.05.80—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Aperture masks of aluminum-killed, open-coil steel, the foregoing for color television picture tubes (provided for in subheading 8540.91.50).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The aperture mask is a thin sheet of aluminum-killed steel containing thousands of precise holes used to direct the beam emitted from an electron gun onto the phosphor coating on the inside of the front panel of a color CRT. Once imported, the mask is annealed, formed, welded into a frame, and blackened. The assembly is then located inside the front panel and used as a mask while depositing the phosphors. The assembly remains part of the final product and determines exactly where the electron beams strike the phosphor layer in the panel. The product is imported from Japan and Germany.

¹² The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Estimated effect on customs revenue:

| HTS subheading: <u>8540.91.50</u> | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.4 % | 5.4 % | 5.4 % | 5.4 % | 5.4 % |
| Estimated value <i>dutiable</i> imports | \$6,450,000 | \$1,660,000 | \$1,670,000 | \$1,670,000 | \$1,670,000 |
| Customs revenue loss | \$348,300 | \$89,640 | \$90,180 | \$90,180 | \$90,180 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | No | Yes | No |

Technical comments:¹³

The article description should be modified as shown above.

Heading 9902.05.81—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Three-beam electron guns for cathode-ray tubes (provided for in subheading 8540.91.50).

Check one: ☒ Same as that in bill as introduced
 ☐ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

¹³ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

The product consists of a series of stamped stainless steel cylindrical parts held together by ceramic glass beads. A three-beam electron gun for a CRT generates three separate beams of free electrons inside a CRT, accelerates them to a very high speed, and aims them at the CRT screen. The beams of electrons pass through an aperture mask to strike colored phosphors--red, green, and blue--on the inside of the CRT screen, causing the phosphors to glow. The electron beams travel from side to side in rows, covering most of the screen. The combination of the three glowing lines is viewed as a color video image. This product is imported from Mexico and Indonesia.

Estimated effect on customs revenue:

| HTS subheading: <u>8540.91.50</u> | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.4 % | 5.4 % | 5.4 % | 5.4 % | 5.4 % |
| Estimated value <i>dutiable</i> imports | \$7,500,000 | \$7,130,000 | \$6,780,000 | \$6,440,000 | \$6,120,000 |
| Customs revenue loss | \$405,000 | \$385,020 | \$366,120 | \$347,760 | \$330,480 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | No | Yes | No |

Technical comments:¹⁴ None.

Heading 9902.05.82--temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

¹⁴ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

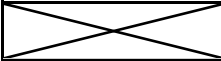
One-beam electron guns for projection cathode-ray tubes (provided for in subheading 8540.91.50).

Check one: X Same as that in bill as introduced
 ___ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The product consists of a series of stamped stainless steel cylindrical parts held together by ceramic glass beads. There are three such tubes in a tube-based projection television receiver, one each for red, green, and blue. An electron gun for a PRT generates a single beam of free electrons inside a PRT, accelerates them to a very high speed, and aims them at the PRT screen. The beam of electrons strikes the phosphor on the inside of the PRT screen causing it to glow. The electron beam travels from side to side in rows, covering most of the screen. The combination of the three glowing lines is viewed as a color video image. This product is imported from Mexico and China.

Estimated effect on customs revenue:

| HTS subheading: <u>8540.91.50</u> | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
|  | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.4 % | 5.4 % | 5.4 % | 5.4 % | 5.4 % |
| Estimated value <i>dutiable</i> imports | \$7,000,000 | \$4,430,000 | \$4,210,000 | \$4,000,000 | \$3,800,000 |
| Customs revenue loss | \$378,000 | \$239,220 | \$227,340 | \$216,000 | \$205,200 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | No | Yes | No |

Technical comments:¹⁵

None.

Heading 9902.05.83—temporary duty suspension through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Aperture masks of iron-nickel alloy steel of a type known as FeNi 36, the foregoing for color picture tubes (provided for in subheading 8540.91.50).

Check one: ☐ Same as that in bill as introduced
 ☒ Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The aperture mask is a thin sheet of alloy steel (FeNi 36), also known as “Invar,” containing thousands of precise holes used to direct the beam emitted from an electron gun onto the phosphor coating on the inside of the front panel of a color CRT. The Invar material makes the assembly more thermally stable and less susceptible to heat distortion. Once imported, the mask is annealed, formed, welded into a frame, and blackened. The assembly is then located inside the front panel and used as a mask while depositing the phosphors. The assembly remains part of the final product and determines exactly where the electron beams strike the phosphor layer in the panel. The product is imported from Japan and Germany.

¹⁵ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Estimated effect on customs revenue:

| HTS subheading: <u>8540.91.50</u> | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.4 % | 5.4 % | 5.4 % | 5.4 % | 5.4 % |
| Estimated value <i>dutiable</i> imports | \$7,510,000 | \$9,160,000 | \$8,240,000 | \$7,420,000 | \$6,680,000 |
| Customs revenue loss | \$405,540 | \$494,640 | \$444,960 | \$400,680 | \$360,720 |

Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | No | Yes | No |

Technical comments:¹⁶

The article description should be modified as shown above.

Heading 9902.05.94—temporary duty reduction through December 31, 2009:

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Front panels for cathode-ray television picture tubes, with each of the foregoing having a greatest external diagonal measurement not exceeding 86 cm, an outer panel radius of greater than 500 cm and an aspect ratio of 4:3 (provided for in subheading 7011.20.80).

¹⁶ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Check one: ___ Same as that in bill as introduced
 X Different from that in bill as introduced (See Technical comments section)

Product information, including uses/applications and source(s) of imports:

The imported product is a multi-function specialty glass product manufactured exclusively for the cathode-ray tube (CRT) industry. As part of the CRT envelope, the front panel provides a contoured surface to which the phosphor layer adheres. It also provides the mechanical attachment support for the formed mask assembly. Once imported, the panel has many chemical processes applied to provide the precise phosphor layer which is a key element to the operation of the CRT. The panel is sealed to a glass cone, making a vacuum chamber envelope and providing alignment of the electron gun and phosphor surface. The product is imported from Japan, China, and the United Kingdom.

Estimated effect on customs revenue:

| HTS subheading: 7011.20.8030 | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 5.2 % | 5.2 % | 5.2 % | 5.2 % | 5.2 % |
| Estimated value <i>dutiable</i> imports | \$18,260,000 | \$22,450,000 | \$19,080,000 | \$16,220,000 | \$13,780,000 |
| Customs revenue loss ^{1/} | \$401,720 | \$493,900 | \$419,760 | \$356,840 | \$303,160 |

¹ Revenue loss is result of duty reduction from the general duty rate of 5.2 percent to the proposed 3 percent rate. Source of estimated dutiable import data: Commission and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Panasonic/Matsushita Corp. of America (Proponent) Contact: Steve Lammers, 937-339-6300 | 08/31/05 | No | Yes | No |
| Sony Electronics, Inc., Mount Pleasant, PA Contact: Christina Tellalian, 202-429-3653 | 08/08/05 | Yes | Yes | Yes |

Technical comments:¹⁷

The article description should be modified as shown above. Until phosphors have been deposited inside a front panel, there is no viewable diagonal measurement. The physical dimensions of the front panel would serve better to distinguish its size.

¹⁷ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.



Sony Electronics Inc.

1 Sony Drive, MD: 1E4 Park Ridge, New Jersey 07656

Sent Via E-mail

July 21, 2004

John W. Kitzmiller
Electronics and Transportation Division
Office of Industries
United States International Trade Commission
Room 501-F
500 E Street, S.W.
Washington, D.C. 20436

Re: Glass Products For Television Picture Tubes
Temporary Duty Suspension Legislation, 109th Congress, 1st Session
H.R. 2624

Dear Mr. Kitzmiller:

This letter is submitted on behalf of the American Video Glass Company ("AV"), the lone remaining American producer of glass for television cathode-ray tubes ("CRT's"). The purpose of this presentation is to express serious reservations about H.R. 2624 which was introduced on May 25, 2005 by Representative Boehner. This legislation would provide duty free status to imported CRT glass components, thereby creating incentives for the procurement of foreign made CRT glass and eroding the domestic market for AV's products.

In this submission, we will provide you with information about AV, explain how H.R. 2624 covers products that compete directly with those that can be offered by AV and highlight the negative impact increased imports will have on AV's business and the other local and regional businesses that it supports.

I. Background – AV's United States Operations

During an era when all of us have deep concerns about America's industrial decline, AV represents modern American industrial success. It is a marriage of the industrial and high tech ages, combining gigantic furnaces and modern material engineering. In fact, AV is unmatched as an advanced producer of television CRT glass. CRT glass must be produced to very fine tolerances and AV has made the investment in capital and skilled labor necessary to do the job as no one else can do it.

Begun in 1997 as a partnership between Sony and Corning Asahi Video Products, AV is now a wholly owned subsidiary of Sony Electronics Inc ("SEL"). AV's facility is adjacent to SEL's principal U.S. television and CRT plant in Mount Pleasant, Pennsylvania and is part of the Sony Technology Center - Pittsburgh ("STC-P"). CRT glass produced by AV is used for CRT production at STC-P, SEL's San Diego CRT plant and is even shipped overseas for CRT production. Within North America, CRT's produced by STC-P and the San Diego plant are used in TV production at STC-P and SEL's Mexican Maquiladoras respectively. Thus, AV's CRT glass is the foundation for Sony's television production

throughout the North American region. Owing to AV's operations, Sony's STC-P facilities are now the world's only vertically integrated TV manufacturing site, producing the glass for CRT's and the CRT's for TV's. Only one company, SEL at STC-P, continues to produce CRT televisions (without video recording or reproducing apparatus) in the U.S. Those TV's include both direct view and projection types.

As CRT glass is very bulky and heavy, proximity to the CRT manufacturing facility was a prime consideration in locating AV. Another consideration was AV's closeness to supplies of high quality raw materials such as silica and sand, so important to the well known development and growth of the glass industry in the Western Pennsylvania and Eastern Ohio region.

Once the decision was made to establish AV, capital investment poured in and has continued right up to the present time. Approximately \$310 million has been spent to build and modernize AV. Recent investments include \$3.5 million to produce glass panels and funnels for wide screen, high definition televisions in January of 2004. In February 2004, \$7 million was spent to rebuild the panel furnace. Sony's total investment in STC-P's glass, CRT and TV operations approximates \$670 million.

With its ideal location and investments in high tech production equipment as the springboards, this 500,000 square foot facility has produced the glass for all of the large screen direct view CRT TV's made by Sony for the U.S. market, from 27 inches up to 36 inches.

Every day, AV produces more than 250 tons of glass panels and funnels. To do so AV employs about 400 full time workers and 25 temporary staff members. On a consolidated basis, AV and STC-P's CRT and TV businesses employ approximately 2,300 people. The annual payroll is in excess of 100 million dollars. In addition, peak temporary employment is 1700 people. These employment figures are monumental considering that the population of Mount Pleasant Township, the locale of the plant, is less than 12,000 people.

AV also supports the local economy, procuring both goods and services. It spends approximately \$45 million for supplies, maintenance, repair and operations support from regional vendors. About forty percent of that figure is attributable to the purchase of raw materials. Two million dollars are spent annually for molds and other equipment. millions more are spent for energy, transportation and environmental services. All of this contributes mightily to employment in the region. In total, AV utilizes hundreds of regional suppliers.

AV has been unrelenting in its pursuit of quality. It is ISO 9000 certified and has also applied Six Sigma quality improvement programs to reduce defect rates and bring product to market faster. It has also increased its manufacturing flexibility and diversified its mix of products. In 1997 AV could produce only two types each of glass panels and glass funnels. Today, it produces 8 of each.

AV is not just a model industrial enterprise, it is also a good corporate citizen. It has achieved ISO 14001 Global Environmental Management System Certification. AV has also been recognized for its environmental practices by both the federal government and the Commonwealth of Pennsylvania. It has been lauded by the U.S. Environmental Protection Agency ("EPA") for receiving the National Pollution Prevention Roundtable's PBT Cup and the Pennsylvania Governor's Environmental Excellence Award for its efforts to reduce lead releases into the environment. AV is also a one of seven Founding Members of the EPA National Waste Minimization Partnership program. Since its inception AV has all but eliminated lead waste disposal even as production increased by about twenty percent. It has done this by replacing lead oxide with zirconium oxide in the glass panel and installing an electrostatic precipitator

dust recycling system for reclaiming all dust collected from the panel and funnel processing tanks. AV also recycles its chrome and caustic plating solutions used for molds, as well as the process water used in its Abrasive Processing Center.

II. AV Is At Jeopardy

It is no secret. The U.S. television and television component industry is barely hanging on. Low cost foreign competition has thinned the industry dramatically. In addition, the advent of advanced flat panel screen TV's has reduced the demand for U.S. made CRT's and CRT glass. The domestic glass industry has been especially hard hit. During the past two years the industry has withered from a few producers to only one. First in 2003, Corning Asahi Video Products Company announced that it would cease domestic production of CRT glass, closing its State College Pennsylvania plant and eliminating 1,000 jobs. The announcement cited a declining customer base and significantly increased imports as the causes for the plant's demise. See http://www.corning.com/media_center/press_releases/2003/2003041508074187906.asp. Last year, two other mainstays in the TV glass business announced that they were shutting their doors. Techneglas closed plants in Columbus and Perrysburg, Ohio and Pittston, Pennsylvania. The jobs loss for all three plants was 1,100 including almost 400 in Columbus. This news followed the closing of Thomson S.A.'s TV glass plant in Circleville, Ohio. See <http://www.bizjournals.com/columbus/stories/2004/08/02daily15.html>. A once robust regional industry has been devastated. Unfortunately, AV is susceptible to the same forces that sealed the fate of the other TV glass makers.

As of March 2006 AV will lose one of the three principal customers for its glass products. Sony has publicly announced that it will close its south Wales, UK CRT plant located in Bridgend. The story is the same, in the face of low cost competition from places like China, Sony has been faced with difficult choices. In the end, it has been compelled to scale back and consolidate its operations. As a consequence, over 400 jobs will be lost and AV will no longer have an export customer.

The loss of a major customer has a ripple effect at a consolidated manufacturing facility like STC-P. In addition to the problem of unutilized capacity, fixed costs must be spread over a narrower range and quantity of products. This results in increased costs to the domestic CRT and TV business, making it even harder to compete against foreign competitors. If STC-P does not survive the foreign competitive assault that would be abetted by duty free imports of TV glass products, thousands of jobs will be lost at STC-P and many more will be affected at suppliers throughout the region. Including AV's suppliers described above, STC-P uses the supplies and services of approximately 1,200 vendors from southwestern Pennsylvania and Eastern Ohio alone.

This is why SEL opposes the subject duty suspension legislation. The government should not encourage demand for imports when a domestic producer like AV stands ready to fill the demand for TV glass once filled by producers like Techneglas.

II. H.R. 2624 Covers Products That Compete Directly With Products That AV Can Produce And Supply

The subject bill covers CRT front panels, funnels, PJ TV glass envelopes, electron guns and aperture masks. As AV does not produce the latter three items, we are only concerned with the provisions covering panels and funnels, 9902.05.70 to 9902.05.78.

| | |
|------------|--|
| 9902.05.70 | Front Panels For 32" 4:3 CRT's |
| 9902.05.71 | Front Panels For 36" 4:3 CRT's |
| 9902.05.72 | Front Panels For 30" Wide Screen CRT's |
| 9902.05.73 | Front Panels For 34" Wide Screen CRT's |
| 9902.05.74 | 32V Funnels For Curved Screen Panels |
| 9902.05.75 | 32V Funnels For Flat Panels |
| 9902.05.76 | Funnels For 36" 4:3 CRT's |
| 9902.05.77 | Funnels for 30" Wide Screen CRT's |
| 9902.05.78 | Funnels For 34" Wide Screen CRT's |

Please see the text of H.R. 2624 for the actual description of the merchandise subject to the bill.

AV can produce each of the products described in the above panel and funnel provisions. As previously stated, AV has experience producing many and varied large screen size TV glass products. It has produced both flat screen and curved screen front panel versions. AV stands ready and able to enter into negotiations to supply these products.

As we understand it, the subject bill was introduced for the benefit of Panasonic's Troy, Ohio CRT plant. AV is conveniently located directly off the same interstate highway that serves the Troy plant. The trip is only five hours, creating great distribution efficiencies.

This is a unique opportunity to serve the interests of two of the remaining companies in the U.S. domestic CRT business. By preserving the status quo, i.e., not passing the proposed H.R. 2624 provisions, AV can fill its unutilized capacity and the Troy plant can procure from a convenient source of the highest quality CRT glass available anywhere. In the past, SEL has procured projection CRT's from Panasonic, so there is ample precedent for a vendor/customer relationship between the two parties.

IV. Conclusion

The passage of H.R. 2624 will create an incentive for the importation of CRT glass products that compete with those for sale by the only remaining American producer, the American Video Glass Company. Such imports will erode the remaining American market for AV's products and contribute further to the demise of the once great U.S. television industry.

We appreciate the opportunity to provide these comments. If you have any questions please contact me at 201-930-7222 or Richard Haroian at 858-942-3061.

Respectfully submitted,

David Newman
Director, Law Department
Sony Electronics Inc.

September 2, 2005

The Honorable E. Clay Shaw, Jr.
Chairman
Subcommittee on Trade
Committee on Ways and Means
Washington, DC 20515

Dear Chairman Shaw:

On behalf of MT Picture Display Corporation of America (MTPDA), in Troy, Ohio, I am writing in support of H.R. 2624, a bill, introduced by Congressman John Boehner (R-OH), to suspend temporarily the duties on a number of components for colored picture tubes.

MTPDA is a joint venture between Panasonic and Toshiba to manufacture very large size, and some smaller, CRTs. It is located in Miami County Ohio and, with over 500 employees, is one of the largest private employers in the county. Since its ground breaking in 1988 the factory has invested over \$490 million in the facility. With the closing of U.S. colored picture tubes factories owned by Mitsubishi, Zenith, Thomson, Philips, Toshiba, and Hitachi, MTPDA is the last original equipment (OEM) CRT supplier in the United States. Only Sony continues to make CRTs, for its own domestic use, in the United States. In fact, with the closing of the last CRT glass-making plant last year, we are part of only a handful of companies still making television components in the United States.

Currently we produce widescreen (16:9) and conventional (4:3) curved and flat CRTs in sizes ranging from 30 to 36. We also produce 7 projection TV tubes for a variety of customers, including Panasonic, Hitachi, Sanyo, Sharp, Mitsubishi, JVC, and Sony.

H.R. 2624 covers 15 imported components that no longer are manufactured in the United States. The components are glass panels and funnels, electron guns and aperture masks for various model CRTs. The specific components are:

- 30 widescreen Pure Flat glass panel
- 30 widescreen Pure Flat glass funnel
- 32 curved glass panel
- 32 curved glass funnel
- 32 Pure Flat glass panel
- 32 Pure Flat glass funnel
- 34 widescreen Pure Flat glass panel
- 34 widescreen Pure Flat glass funnel
- 36 curved glass panel
- 36 curved glass funnel
- Glass envelope for projection CRT
- Aluminum-killed steel aperture mask
- Invar steel aperture mask
- CRT electron gun
- Projection tube electron gun

The bill proposes a three-year duty suspension for all the above components, except for the 32 flat glass panel, which would be reduced to 3.0%. It is estimated that the combined one-year savings to the company for the elimination or reduction of these duties would be \$4,965,000.

MTPDA primary competitor is not from Asia. Instead, the primary competitors for our factory are the Mexican CRT factories of Samsung, Thomson and LG-Philips -- the last two companies had previously manufactured CRTs in the United States. The suspension of duties on the five CRT components -- glass panels, funnels and envelopes; electron guns; and aperture masks -- will put MTPDA on the same playing field as our competitors in Mexico, where duties on these same imported components are 0%.

Unfortunately, with the recent closing of Techneglas in Ohio, there are no manufacturers in the United States for picture tube glass, the electron guns or the specialty steel needed to manufacture aperture masks. Thus, the 5.4% U.S. duties on these items, once imposed to protect the domestic television industry, now simply hurt what left of the domestic television industry.

Sales revenues for MTPDA have dropped dramatically since 2000. This year, factory sales are only 70% compared to budget, and will be about 40% of what we sold in 2000. Industry-wide, CRT sales are running at only 60% of last year results. Therefore, the elimination (and in one case, reduction) of these duties on our imported components will lower our costs and put MTPDA on a more level playing field and competitive basis with manufacturers in Mexico. We appreciate your consideration of our request and we hope the Ways and Means Committee will support H.R. 2624, and that it can be enacted this year as part of a miscellaneous tariff and trade bill.

Sincerely,

Steve Lammers
General Manager, Operations

cc: John Kitzmiller, US ITC

Background on Cathode-ray Tubes

A cathode-ray television picture tube is an electron tube in which a beam of electrons can be focused to a small area and varied in position and intensity on a surface. Direct-view television receivers use one cathode-ray tube, either color or monochrome (black and white). Most projection television receivers use three monochrome tubes, one each projecting red, green, and blue images.

The basic elements of a CRT are the envelope, electron gun, and phosphor screen. The envelope, typically made of glass, serves as a vacuum enclosure, substrate¹⁸ for the phosphor screen, and support for the electron gun. The envelope is typically funnel-shaped, with the small end blocked by a glass stem that supports the electron gun. The electron gun produces, controls, focuses, and deflects the electron beam that causes the phosphor screen to glow. The large end of the funnel is sealed by a glass panel or faceplate on the inside of which the phosphor screen is deposited. The phosphor screen emits light when excited by electron bombardment, and thereby produces a viewable image. Color CRTs use several colors of phosphor, generally red, green, and blue, and produce full-color images as additive combinations of these colors.

To produce a color television picture tube, a thin screen of perforated metal--called an aperture mask--is welded to a frame mounted within the panel. This aperture mask must travel with the glass panel throughout the production process. Using the aperture mask as a pattern, multiple coatings and rinsings of the panel are performed, leaving a surface with thousands of narrow lines of red, green, blue, and black.

The panel, with aperture mask in place, is then sealed to the envelope. The assembly of electron guns and deflection yoke is fitted to the rear of the envelope, the air is evacuated from the envelope, and the envelope is sealed. The proper alignment of guns, aperture mask, and panel is of critical importance in the assembly of a tube and determines the not only the quality of the image but whether or not the tube will function.

¹⁸ The surface on which the phosphor screen is deposited.

109TH CONGRESS
1ST SESSION

H. R. 2624

To suspend temporarily the duty on certain items and to reduce temporarily
the duty on certain items.

IN THE HOUSE OF REPRESENTATIVES

MAY 25, 2005

Mr. BOEHNER introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To suspend temporarily the duty on certain items and to
reduce temporarily the duty on certain items.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SUSPENSION OF DUTY ON CERTAIN ITEMS.**

4 (a) IN GENERAL.—Subchapter II of chapter 99 of
5 the Harmonized Tariff Schedule of the United States is
6 amended by inserting in numerical sequence the following
7 new headings:

| | | | | | | | |
|---|------------|--|------|-----------|-----------|-------------------------|-------|
| “ | 9902.05.70 | Front panels for cathode-ray television picture tubes with a viewable diagonal measurement of 80.01 cm, an outer panel radius of less than 500 cm, and an aspect ratio of 4:3 (provided for in subheading 7011.20.80) | Free | No change | No change | On or before 12/31/2009 | ..... |
| | 9902.05.71 | Front panels for cathode-ray television picture tubes with a viewable diagonal measurement of 90.17 cm, an outer panel radius of less than 500 cm, and an aspect ratio of 4:3 (provided for in subheading 7011.20.80). | Free | No change | No change | On or before 12/31/2009 | ..... |
| | 9902.05.72 | Front panels for cathode-ray television picture tubes with a viewable diagonal measurement of 76.00 cm, an outer panel radius of greater than 500 cm, and an aspect ratio of 16:9 (provided for in subheading 7011.20.80) | Free | No change | No change | On or before 12/31/2009 | ..... |
| | 9902.05.73 | Front panels for cathode-ray television picture tubes with a viewable diagonal measurement of 85.50 cm, an outer panel radius of greater than 500 cm, and an aspect ratio of 16:9 (provided for in subheading 7011.20.80). | Free | No change | No change | On or before 12/31/2009 | ..... |
| | 9902.05.74 | 32V funnel for use with curved screen panels (provided for in subheading 7011.20.10) | Free | No change | No change | On or before 12/31/2009 | ..... |
| | 9902.05.75 | 32V funnel for use with Pure Flat (PF) panels (provided for in subheading 7011.20.10) | Free | No change | No change | On or before 12/31/2009 | ..... |
| | 9902.05.76 | Funnels for cathode-ray television picture tubes with an outside diagonal measurement of 94.12 cm and an aspect ratio of 4:3. (provided for in subheading 7011.20.10) | Free | No change | No change | On or before 12/31/2009 | ..... |
| | 9902.05.77 | Funnels for cathode-ray television picture tubes with an outside diagonal measurement of 80.87 cm and an aspect ratio of 16:9. (provided for in subheading 7011.20.10). | Free | No change | No change | On or before 12/31/2009 | ..... |
| | 9902.05.78 | Funnels for cathode-ray television picture tubes with an outside diagonal measurement of 91.50 cm and an aspect ratio of 16:9. (provided for in subheading 7011.20.10) | Free | No change | No change | On or before 12/31/2009 | ..... |

| | | | | | | |
|------------|---|------|-----------|-----------|-------------------------|-------|
| 9902.05.79 | Pre-assembled glass envelopes consisting of a panel with a viewable diagonal measurement of 21 cm or less, funnel and neck for projection cathode-ray television picture tubes (provided for in subheading 7011.20.80). | Free | No change | No change | On or before 12/31/2009 | ..... |
| 9902.05.80 | Aperture masks made from aluminum-killed, open-coil annealed steel for color picture tubes (provided for in subheading 8540.91.50) | Free | No change | No change | On or before 12/31/2009 | ..... |
| 9902.05.81 | Three-beam electron guns for cathode ray tubes (provided for in subheading 8540.91.50). | Free | No change | No change | On or before 12/31/2009 | ..... |
| 9902.05.82 | One-beam electron guns for projection cathode-ray tubes (provided for in subheading 8540.91.50) | Free | No change | No change | On or before 12/31/2009 | ..... |
| 9902.05.83 | Aperture masks made from an alloy of iron and nickel (FeNi 36) for color picture tubes. (provided for in subheading 8540.91.50) | Free | No change | No change | On or before 12/31/2009 | ”. |

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) applies to goods entered, or withdrawn from
3 warehouse for consumption, on or after the 15th day after
4 the date of enactment of this Act.

5 SEC. 2. REDUCTION OF DUTY ON CERTAIN ITEMS.

6 (a) IN GENERAL.—Subchapter II of chapter 99 of
7 the Harmonized Tariff Schedule of the United States is
8 amended by inserting in numerical sequence the following
9 new heading:

| | | | | | | | |
|---|------------|---|------|-----------|-----------|-------------------------|----|
| “ | 9902.05.94 | Front panels for cathode-ray television picture tubes with a viewable diagonal measurement of 80.03 cm, an outer panel radius of greater than 500 cm, and an aspect ratio of 4:3 (provided for in subheading 7011.20.80.30) | 3.0% | No change | No change | On or before 12/31/2009 | ”. |
|---|------------|---|------|-----------|-----------|-------------------------|----|

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) applies to goods entered, or withdrawn from
3 warehouse for consumption, on or after the 15th day after
4 the date of enactment of this Act.

